... unites Ontario's municipalities

Report Series 1991

91-7

AMO Response To: "Extending Pay Equity By Proportional Value and Proxy Comparison"

Association of Municipalities of Ontario
April 1991

MISSION STATEMENT

AMO unites Ontario's municipalities.

We take pride in promoting, supporting and enhancing strong and effective municipal government.

We provide strategic leadership by:

- developing and effectively promoting responsive quality policy;
- informing and educating governments, the media and the public;
- marketing innovative and beneficial services.

Our elected representatives, municipal officials and association staff form a team which values and respects:

- diversity and local autonomy;
- fairness and equity;
- consultation;
- consensus;
- co-operation.

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1.0. INTRODUCTION

The Association of Municipalities of Ontario welcomes this opportunity to share its views on the proposed amendments to the Pay Equity Act, 1987, with the Ministry of Labour. AMO and its affiliates such as the Ontario Municipal Personnel Association (OMPA) commented on numerous occasions on pay equity legislation and proposed amendments as evidenced in the reports "AMO's response to the provincial government discussion paper on pay equity, 1986", "Recommendations on the Pay Equity Act,1987" and "OMPA Response to the Ministry of Labour Discussion Paper - Policy Directions: Amending the Pay Equity Act, 1990".

Previous AMO Responses - Pay Equity Legislation

Support for Philosophy Underlying Pay Equity

AMO stated in its 1986 report on pay equity that "it shares the commitment expressed by the government ... that the achievement of equal opportunity and social justice for all Ontarians (should be) fundamental and unalterable (p.1)."

Brief Consultation Process

Regrettably, however, the Association feels that the timeframe for the consultation process on this particular issue has been short; the Association has thus been unable to forward its comments to the government during the indicated time period for response.

Focus on Technical Aspects of Implementing Proposed Amendments

Furthermore, the Association feels that the consultation process as such has been too narrow in focus allowing input only on technical aspects of implementing the proposed legislation. AMO would like to receive further clarification on such questions as the application of the proportional value method of job comparisons.

2.0. SCHEDULE FOR PROXY ORGANIZATIONS

1. Based on the principles detailed above, what is the most appropriate proxy organization (or type of proxy organization) for your organization(s)?

2. What factors have you considered in choosing this organization? Which of the principles are met in this choice?

3. Is there more than one proxy organization that meets the principles listed above? What are they and why are they appropriate?

According to the Association of Municipalities of Ontario the most appropriate proxy organization to be used in the process of completing pay equity comparisons for predominantly female job classes is a similar public sector organization which is located in the same geographic area as the seeking organization.

In situations where it is not possible to employ a similar public sector organization in the same geographic area for proxy comparisons, AMO recommends that the Ontario Public Service be used as the next best alternative.

While the Association of Municipalities of Ontario recognizes that the Ontario Public Service has implemented pay equity within its own organizational structure and has developed a sophisticated administrative system for addressing pay equity concerns in the broader public and private sector, it has not chosen the OPS as the most preferred option for proxy comparison. The Association feels that the usage of OPS job classification and wage rate schemes for proxy comparison may raise false expectations about potentially large pay increases among jobholders in predominantly female job classes and thus create confusion between the concepts of pay equity adjustment and wage parity.

RECOMMENDATION

AMO recommends that a similar public sector organization located in the same geographic area be used as the proxy organization for completing pay equity comparisons for predominantly female job classes.

The next best alternative to this option would be to employ the Ontario Public Service as the proxy organization for the municipal sector.

The Association does not support the incorporation of the second option mentioned in the discussion paper " usage of a public sector organization on which the seeking organization has patterned its bargaining or on which it has modeled its compensation system" into legislation, because this particular option appears to be directed towards wage parity in organizations within a geographic region. This option would not necessarily embrace the concept of equal work for equal value and could cause an undesirable wage ripple effect.

Additions to the Schedule of Proxy Organizations

The Association does not wish to comment on question 9 which enquires about possible additions to the schedule of proxy organizations, because

a) such deliberations do not fall within the mandate of our organization and

b) the Association has already identified the usage of the OPS as the most appropriate proxy organization for its purposes in the preceding argument.

3.0. PROXY COMPARISON METHODOLOGY - DATA COLLECTION

1. What kind of information should be collected from the proxy organizations by the Pay Equity Office so as to be most useful to the seeking organizations?

2. Are there any kinds of information that the proxy organization would have difficulty providing?

3. What would be the best way to proceed if the proxy organization designated on the schedule had not yet completed its plan, or if there were a complaint against some aspect of the plan?

Data Required for Proxy Comparison

In order to undertake proxy comparisons the seeking organization will have to collect the following information: a copy of the established pay equity plan in the proxy organization including a complete listing of current job titles, job descriptions, job classification schemes and job rates. In other words, the seeking organization would have to collect the same type of information as currently identified under the Pay Equity Act, 1987, in meeting the requirements for establishing pay equity within a private and public sector organization using the gender-neutral job-to-job comparison method.

Only Successfully Completed Pay Equity Plans should be used for Proxy Comparison

In situations where

a) a pay equity plan has not been completed in the proxy organization

b) there is an outstanding complaint against the pay equity plan

c) where no exact job matches can be found in the proxy organizations the most rational courses of action would be to avoid using such an organization for proxy comparison.

RECOMMENDATION

The Association strongly recommends that only those similar public sector organizations located in the same geographic area which have successfully completed their pay equity plans should be chosen as the appropriate proxy organization.

Thus, the seeking organizations will avoid unnecessary administrative costs in their attempts to establish pay equity in their organization and avoid any problems arising from a plan not having been approved by the Pay Equity Commission.

4.0. FINANCING PAY EQUITY

Promise of Financial Assistance - Pay Equity

On February 11, 1991 the Hon. Floyd Laughren, Treasurer of Ontario, announced that the Province of Ontario will set aside an additional $100 million in the spring budget in order to assist transfer partners with the cost of pay equity adjustments in 1991-92: "The government is reaffirming its commitment to the right of women to fair and equitable wages (Ministry of Treasury and Economics, New release, 1990, p.2)."

Questions about the Actual Allocation of Funds

While the Association is pleased with the government's promise of assistance in financing the proposed amendments to the Pay Equity Act, 1987 in the spirit of "disentanglement", AMO is concerned with the actual amount of money allocated to Ontario municipalities vis-a-vis other transfer partners such as hospitals, universities and schools: thus, clarification is needed as to what portion of these funds will be allocated to municipalities, their agencies, boards and commissions as opposed to the portion of money allocated to other transfer partners.

Release and Prescribed Usage of Funds

AMO also questions when these funds will be made available to Ontario municipalities and whether these funds are earmarked for pay equity adjustments and/or administrative costs.

Impact of Pay Equity Funds on Currently Existing Funding Arrangements

Finally, the Association would like to receive clarification about how the allocation of pay equity funds will affect existing provincial-municipal cost-sharing arrangements in seeking establishments.

5.0. CONCLUSION

The Association of Municipalities is pleased to further discuss its viewpoints on the proposed amendments to the Pay Equity Act, 1987, at future consultation meetings with the Ministry of Labour.

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